









HEUBLEIN, INC. / 330 NEW PARK AVENUE / HARTFORD 1, CONNECTICUT



#### TO THE STOCKHOLDERS YEAR ENDED JUNE 30, 1962

### CONTENTS

|                                    | rage    |
|------------------------------------|---------|
| Directors and Officers             | . 2     |
| Heublein Highlights                | . 3     |
| Charts: Sales and Earnings Trends. | . 4     |
| Chairman's and President's Letter. | . 5-7   |
| Smirnoff International             | . 8     |
| Heublein Products                  | . 9-16  |
| Consolidated Statement of Income . | . 17    |
| Consolidated Balance Sheet         | . 18-19 |
| Consolidated Statements of Surplus | . 20    |
| Notes to Financial Statements and  |         |
| Auditors' Report                   | . 21    |
| Five Year Summaries                | . 22-23 |
| Hartford Plant Facilities          | 24      |



DIRECTORS

GERSON K. BERNSTEIN
FREDERICK E. CHAPMAN
Vice Chairman
MARY G. FALVEY
PETER M. FRASER
EDWARD G. GERBIC
RALPH A. HART
THOMAS D. MANN

JOHN G. MARTIN
Chairman
WILLIAM H. MORTENSEN
FRANCES HEUBLEIN O'DELL
JOSEPH A. PROCHASKA
RICHARD RAPPORT
LESTER E. SHIPPEE
J. HAROLD WILLIAMS

**EXECUTIVE COMMITTEE** 

FREDERICK E. CHAPMAN PETER M. FRASER RALPH A. HART JOHN G. MARTIN WILLIAM H. MORTENSEN LESTER E. SHIPPEE

Chairman JOHN G. MARTIN

President RALPH A. HART

Senior Vice Presidents GERSON K. BERNSTEIN EDWARD G. GERBIC JOSEPH A. PROCHASKA

Vice Presidents
GEORGE W. E. BALDWIN
CHRISTOPHER W. CARRIUOLO
WILLIAM E. DOLAN
RICHARD F. NELSON
DR. JOHN B. REHM

Secretary MARY G. FALVEY

Treasurer JOHN A. HENRY

Controller JOHN J. MORAN

Assistant Secretaries LEO FACCIOLA CHARLES E. KARL GRAHAM K. MUIRHEAD HENRY J. ROGERS

Assistant Controller JOHN P. WILLIS

TRANSFER AGENTS

**OFFICERS** 

THE BANK OF NEW YORK 48 WALL STREET NEW YORK 15, NEW YORK CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST CO. OF CHICAGO 231 SO. LA SALLE STREET CHICAGO 90, ILLINOIS

REGISTRARS

MORGAN GUARANTY TRUST CO. OF NEW YORK 23 WALL STREET NEW YORK 8, NEW YORK

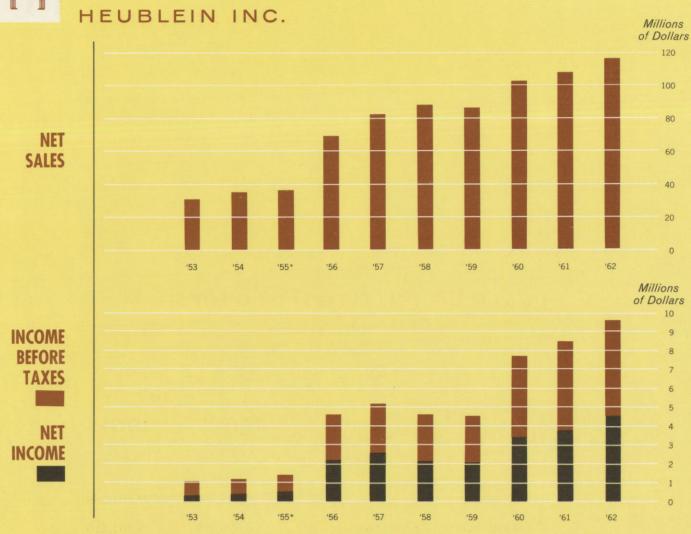
THE NORTHERN TRUST COMPANY 50 LA SALLE STREET CHICAGO 90, ILLINOIS



### HEUBLEIN HIGHLIGHTS

|                                   | 1962          | 1961             |
|-----------------------------------|---------------|------------------|
| Net sales                         | \$116,141,949 | \$108,281,236    |
| Income before income taxes        | 9,595,469     | 8,401,410        |
| Income taxes — federal and state  | 5,188,000     | 4,587,000        |
| Net income                        | 01            | 3,814,410<br>.79 |
| Dividends                         |               |                  |
| Cash — per share                  | .38           | .27              |
| Stock                             | 1%            | 3%               |
| Working capital                   | 24,294,492    | 22,561,505       |
| Long-term debt                    | 4,016,000     | 4,732,000        |
| Stockholders' equity              | 28,462,668    | 25,692,133       |
| Per share                         | 5.85          | 5.33             |
| Number of stockholders at June 30 | 11,142        | 5,908            |











#### TO OUR STOCKHOLDERS:

The past year was again one of substantial progress for our Company. Sales for the fiscal year 1961-62 were \$116,141,949 — up from \$108,281,236, a gain of 7% over the previous year. Profits were \$4,407,469 — up from \$3,814,410, a gain of 15%. Both dollar figures represent a new record.

Earnings per share were  $91\phi$  as compared with  $79\phi$  in the previous period (after adjusting the previous period for the 1% stock dividend and the stock split).

Public preference for Smirnoff Vodka, the Company's principal product, continued to manifest itself through increased sales. Substantial increases were also noted for the Company's entire line of bottled cocktails and during the year the Company introduced the Heublein Scotch Sour. Priced with the other 10 cocktails in the line, the Scotch Sour shows a fine potential. Both Smirnoff Vodka and Heublein Cocktails received strong advertising support and it is the Company's intention to expand its promotional efforts for these lines during the coming year in order to develop further the dominant position they now enjoy.

Internationally, Smirnoff Vodka has made important gains in the past year. Details for this operation will be found on page 8 of this report.

The Heublein Food Division is now making a significant contribution to net profit. Sales of A. 1. Steak Sauce again increased, showing a 31% gain over last

## H

#### HEUBLEIN INC.

year. After careful market testing, the product was given extensive day time television support which has produced remarkable results. Also, sales of Escoffier Sauces and other products made by Escoffier, Ltd., of England, the company we acquired in 1961, fulfilled expectations for the year with a satisfactory gain.

Fred R. Nye, General Manager of our Timely Brands Division was appointed in January to the newly created post of General Manager of both the domestic and imported food divisions of Heublein.

The Company plans to divest itself of the Andersen Soups product line and has entered into an agreement to sell this business to Tillie Lewis Foods, Inc., of Stockton, Calif. With our other products in national distribution, it was felt that we were not organized operationally to exploit a regional product on the most profitable basis.

Stockholders voted at the annual meeting of October, 1961, to split the stock three-for-one, increase the authorized common stock to 10,000,000 shares, \$1 par value from 2,000,000 shares, \$5 par value. They also voted to provide for 500,000 shares of cumulative preferred stock; to eliminate preemptive rights; and to increase the number of shares allocated for future stock options. Subsequently, the Board acted to increase the cash dividend by 20% and at the meeting of May 3rd, 1962, the Board declared a 1% stock dividend.

Since July 9, 1962, Heublein shares have been traded on the New York Stock Exchange. This action was consistent with the Board's intention ever since Heublein stock was initially offered to the public.

Mr. Ralph A. Hart, elected President of Heublein, Inc., as announced in last year's report, assumed office on June 1, 1961. Two new vice presidents were elected in July, 1962 and an assistant controller was appointed. The vice presidents are Richard F. Nelson, Production Manager and Dr. John B. Rehm, Research Director. John P. Willis is the new Assistant Controller.

On July 1, 1962, Heublein, Inc., became sole U.S. importers of Bisquit cognacs, made by the world famous firm of Bisquit Dubouché and Co., Jarnac, France. The line consists of Bisquit Three Star, V.S.O.P., Napoleon Fine Champagne Cognac and Vieille Grande Fine Champagne Cognac.

The fine quality of Heublein products is maintained and enhanced by a program of active research. In addition to the quality control laboratories in Hartford and Menlo Park, the Company maintains a product research department whose

# H

#### HEUBLEIN INC.

people constantly strive to improve Heublein products, evaluate those of competitors and occasionally use the services of outside research firms for special data.

Looking to the future, Heublein this year instituted a college recruitment and training program. Senior executives have called upon college campuses and interviewed a large number of potential candidates. In the past year, five recruits have started the program which incorporates the best and most modern practices in executive development.

Forecasting, the Company looks toward continued progress in sales and earnings aided by intensive promotion of its many products, particularly Smirnoff Vodka, Heublein Cocktails, A. 1. Steak Sauce, Harvey's Sherries and Ports and Bell's Scotches.

Opportunities for further growth may be found in acquiring new product lines and companies. Such acquisitions will be considered, however, only if they conform to a profit pattern and growth potential equal to or better than that experienced by Heublein to date.

The record of the past — satisfying as it has been — is exceeded by our enthusiasm and determination for the period ahead. This extends to all the men and women of the Heublein organization and its distributors, aided by the continuing confidence of our customers and the interest and support of our stockholders. We earnestly ask each stockholder to use Heublein products and we recommend them with full confidence as being the finest of their various types. We wish to express our appreciation to all who have contributed to the important results achieved in the past and to our growing future.

PRESIDENT

askar

CHAIRMAN



#### SMIRNOFF INTERNATIONAL

In addition to operations in all 50 states in the U. S., Heublein products are known throughout the world.

The pattern of increase in the popularity of vodka in the U. S. pioneered in the U. S. by Smirnoff, is emerging throughout the free world. Currently, Smirnoff Vodka is made under licensing arrangements in 15 foreign countries. Additionally, Smirnoff Vodka is shipped to more than 100 foreign countries, and is the world's largest selling vodka.

During the past year, production of Smirnoff Vodka was started in Japan, New Zealand and Venezuela. In Japan it is made by The Nikka Whisky Distilling Co., Ltd., in New Zealand by Gilbey's Limited and in Venezuela by Cinzano, S. A., all under the exacting specifications and high quality required in Heublein's two U. S. plants, Hartford, Connecticut and Menlo Park, California.

It is expected that sales of Smirnoff Vodka abroad will increase substantially over the next few years. In Scotland, for example, Smirnoff Vodka has made great gains with sales in that country approaching 70,000 cases a year. Currently, Smirnoff Vodka sales in Scotland are 250% ahead of the same period two years ago.

The other 12 countries in which Smirnoff Vodka is produced are Argentina, Australia, Brazil, Canada, England, France, Germany, Italy, Mexico, Spain, South Africa and Southern Rhodesia. In addition, Smirnoff Vodka is being bottled for distribution in Belgium, Holland and Switzerland.







## NEVER GAMBLE WITH A STRANGER AT A BAR! Even people who

wouldn't dream of having any vodka but smooth, flawless Smirnoff® in their homes are inclined to become careless when ordering at a bar. They want Smirnoff. They expect Smirnoff. But they fail to specify Smirnoff. So what they're likely to be served is a lesser vodka for their money. Don't take the gamble. Command Smirnoff by name. Insist! Persist! Resist anything else!

it leaves you breathless!



## **Domestic Liquors (above)**

In addition to Smirnoff, Heublein markets two other quality vodkas, Relska, which is in the middle price range and Popov Vodka which is in the lower price category. Both these brands made good progress in the past year. Heublein Ready-to-Serve Cocktails enjoyed another excellent sales year, with Milshire Gin, Heublein Dry and Sweet Vermouths and Heublein Cordials also showing good gains.

## Imported Liquors (below)

In keeping with the Heublein tradition of giving the public the best value for its money, your company is marketing "Bell's 6", a six-year-old scotch whisky, at the same price as competitive four-year-old whiskies. This dramatic development is receiving widespread consumer acceptance. Harvey's fine line of Spanish sherries and ports continue to dominate the American market. Gilbey's Canadian Velvet and Gilbey's Crock O'Gold Irish Whiskey show steady improvement.





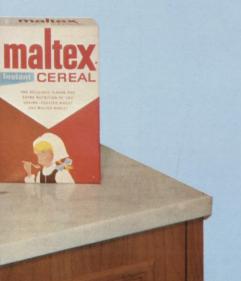


#### **Food Importing Company**

Escoffier Sauces have won wide acceptance since Heublein acquired this line. Virtually all products imported by Heublein show increases for the year. These include Rose's Lime Juice, Perrier Water, Guinness, Bass Ale, Huntley & Palmer's Biscuits, Edouard Artzner Foie Gras, Robertson's Preserves and Ming Teas.

#### **Domestic Food Division**

Heublein Domestic Food Division enjoyed another all time high in sales. Cake-Mate Icings and Gels are now in national distribution. Maypo and Maltex Cereals and Grey-Poupon Mustard are gaining acceptance throughout the country as A. 1. Steak Sauce continues as the nation's No. 1 thick sauce.











### CONSOLIDATED STATEMENT OF INCOME

Years ended June 30, 1962 and 1961

|                             |   |     |     |    |   | 1962          | 1961          |
|-----------------------------|---|-----|-----|----|---|---------------|---------------|
| Net sales                   |   |     |     |    |   | \$116,141,949 | \$108,281,236 |
| Cost of sales               |   |     |     |    |   | 85,792,834    | 80,418,739    |
| Gross profit                |   |     |     |    |   | 30,349,115    | 27,862,497    |
| Expenses:                   |   |     |     |    |   |               |               |
| Selling and advertising .   |   |     |     |    |   | 16,444,295    | 16,088,635    |
| Administrative and general  |   |     |     |    |   | 4,110,553     | 3,204,579     |
|                             |   |     |     |    |   | 20,554,848    | 19,293,214    |
|                             |   |     |     |    |   | 9,794,267     | 8,569,283     |
| Other deductions (income):  |   |     |     |    |   |               |               |
| Interest expense            |   |     |     |    |   | 241,072       | 272,518       |
| Interest income             |   |     |     |    |   | (124,015)     | (114,515)     |
| Miscellaneous — net .       |   |     |     |    |   | 81,741        | 9,870         |
|                             |   |     |     |    |   | 198,798       | 167,873       |
|                             |   |     |     |    |   | 9,595,469     | 8,401,410     |
| Provision for income taxes: |   |     |     |    |   |               |               |
| State                       |   |     |     |    |   | 478,000       | 336,000       |
| Federal                     |   |     |     |    |   | 4,710,000     | 4,251,000     |
|                             |   |     |     |    |   | 5,188,000     | 4,587,000     |
|                             | 1 | Net | Inc | om | e | \$ 4,407,469  | \$ 3,814,410  |
|                             |   |     |     |    |   |               |               |

Provision for depreciation charged to income — 1962, \$798,941; 1961, \$653,139.



## CONSOLIDATED BALANCE SHEET.....

#### **ASSETS**

|   | 1962   | 1961   |
|---|--|--|
| Current assets:   |  |  |
| Cash, including time deposits of \$3,500,000 in 1962.   | \$ 6,663,892                                 | \$ 3,169,339                                 |
| Marketable securities, at cost (approximately market)   | 1,700,000                                    | 2,490,556                                    |
| Investment in whiskey certificates, at cost (not in excess of market)   | 1,068,504                                    | 592,862                                      |
| Accounts receivable   | 14,976,925                                   | 14,047,753                                   |
| Inventories, at lower of cost (generally first-in, first-out) or market: Finished products Products in process Raw materials Supplies | 4,328,863<br>852,026<br>3,635,738<br>842,400 | 6,407,619<br>655,500<br>2,433,151<br>752,652 |
| Prepaid expenses  | 411,025                                      | 430,683                                      |
| Total current assets  |  |  |
| Total Galletin assets   | 34,479,373                                   | 30,980,115                                   |
| Property, plant and equipment, at cost:   |  |  |
| Land  | 401,044                                      | 404,400                                      |
| Buildings   | 4,933,228                                    | 4,626,056                                    |
| Machinery and equipment   | 6,363,365                                    | 5,570,730                                    |
|   | 11,697,637                                   | 10,601,186                                   |
| Less accumulated depreciation   | 4,665,154                                    | 3,923,764                                    |
| Total property, plant and equipment   | 7,032,483                                    | 6,677,422                                    |
|   |  |  |
| Deferred charges and other assets   | 703,174                                      | 713,081                                      |
| Goodwill, less amortization   | 448,519                                      | 472,125                                      |
|   | \$42,663,549                                 | \$38,842,743                                 |
|   |  |  |



## . . . June 30, 1962 and 1961

#### LIABILITIES AND STOCKHOLDERS' EQUITY

|   | 1962                              | 1961                            |
|---|-----------------------------------|---------------------------------|
| Current liabilities:  |                                   |                                 |
| Accounts payable  | \$ 2,197,506                      | \$ 2,173,418                    |
| Federal income taxes  | 3,184,370                         | 2,431,371                       |
| Accrued liabilities:  |                                   |                                 |
| Taxes, other than federal income taxes  | 1,898,834<br>665,500<br>1,040,698 | 1,303,267<br>661,500<br>806,180 |
| Cash dividends payable  | 481,973                           | 386,874                         |
| Long-term debt due within one year  | 716,000                           | 656,000                         |
| Total current liabilities   | 10,184,881                        | 8,418,610                       |
| Long-term debt due after one year:  |                                   |                                 |
| 43/4% debentures, due January 1, 1977 (Note 1)                                | 4,016,000                         | 4,732,000                       |
|   |                                   |                                 |
| Stockholders' equity:   |                                   |                                 |
| Capital Stock   |                                   |                                 |
| Cumulative Preferred—without par value 500,000 shares authorized and unissued |                                   |                                 |
| Common—par value \$1 per share (\$5 in 1961) (Note 2) Shares                  | 4,819,725                         | 7,737,485                       |
| Authorized $\frac{1962}{10,000,000} = \frac{1961}{2,000,000}$                 |                                   |                                 |
| Outstanding 4,819,725 1,547,497<br>Stock Dividend Payable 44,977 44,230       | 44,977                            | 221,150                         |
| Paid-in Surplus   | 12,447,118                        | 8,059,178                       |
| Earned Surplus  | 11,150,848                        | 9,674,320                       |
| Total stockholders' equity  | 28,462,668                        | 25,692,133                      |
|   | \$42,663,549                      | \$38,842,743                    |
|   |                                   |                                 |



### CONSOLIDATED STATEMENTS OF SURPLUS

Years ended June 30, 1962 and 1961

| Paid-in Surplus   | 1962              | 1961         |
|---|-------------------|--------------|
| Balance at beginning of year  | \$ 8,059,178      | \$ 5,579,244 |
| Add:  |                   |              |
| Excess of market value over par value of common stock payable as a stock dividend   | 969,817           | 2,111,983    |
| Excess of option price over par value of common stock issued on exercise of options   | 220,941           | 15,635       |
| Transfer from common stock in connection with a three-for-one stock split and simultaneous reduction in par value from \$5 to \$1 per share | 2 107 100         |              |
| Excess of market value over par value of common   | 3,197,182         |              |
| stock issued in connection with acquisitions  |                   | 352,316      |
| Balance at end of year  | \$12,447,118      | \$8,059,178  |
|   | The Market Street |              |
| Earned Surplus  |                   |              |
| Balance at beginning of year  | \$ 9,674,320      | \$ 9,619,271 |
| Net income  | 4,407,469         | 3,814,410    |
|   | 14,081,789        | 13,433,681   |
| Deduct dividends declared:  |                   |              |
| Cash*—\$.38 per share (\$.27 in 1961)   | 1,843,497         | 1,310,446    |
| Stock:  |                   |              |
| 1%—44,977 shares (3%—132,690* shares in 1961) at market value   | 1,014,794         | 2,333,133    |
| Cash in lieu of fractional shares   | 72,650            | 115,782      |
|   | 2,930,941         | 3,759,361    |
| Balance at end of year  | \$11,150,848      | \$9,674,320  |
| *After adjusting for 3 for 1 stock split  |                   |              |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Long-term debt: On January 1 of each year the Company is required to redeem \$375,000 principal amount of debentures and an additional principal amount equal to 10% of the excess of consolidated net income (as defined in the indenture) for the preceding fiscal year over \$1,000,000.

The indenture also requires the Company to maintain consolidated net current assets (as defined) of the greater of \$5,000,000 or 150% of outstanding debentures. Consolidated net current assets at June 30, 1962 exceeded the requirement by \$17,440,023.

NOTE 2 - Stock options: Under a "Restricted Stock Option Plan", approved by the stockholders on May 2, 1958 and amended on October 19, 1961, options may be granted to officers and key employees to purchase shares of the Company's common stock, at prices not less than 95% of fair market value. The Plan provides that the term of any option may not exceed ten years and that options may not become exercisable earlier than one year after the date of grant. The status of options outstanding under the Plan is as follows:

| Fiscal<br>Year<br>Granted | Fiscal Year<br>Becoming<br>Exercisable | Option<br>Price<br>Per<br>Share | Shares<br>Under<br>Option<br>6/30/61 | Shares<br>Exercised<br>During<br>Year | Shares<br>Under<br>Option<br>6/30/62 |
|---------------------------|--|---------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| 1959                      | 1961                                   | \$ 3.86                         | 8,233                                |                                       | 8,233                                |
| 1960                      | 1962                                   | 6.21                            | 55,791                               | 44,544                                | 11,247                               |
| 1961                      | 1963                                   | 13.06                           | 6,242                                | _                                     | 6,242                                |
| 1961                      | 1963 to 1967                           | 18.95                           | 60,858                               | _                                     | 60,858                               |
| 1962                      | 1963 to 1964                           | 17.95 to                        |                                      |                                       |                                      |
|                           |  | 23.63                           | _                                    | _                                     | 9,342                                |
|                           |  |                                 | 131,124                              | 44,544                                | 95,922                               |

There were 29,033 shares at June 30, 1961 and 298,960 shares at June 30, 1962 available for grant under the Plan. During the year ended June 30, 1962, 279,269 additional shares were authorized for grant and options for 9,342 shares were granted.

At June 30, 1961 and June 30, 1962, options granted in August 1957 covering 19,940 shares of the Company's common stock were outstanding at a price of \$3.54 per share. These options became exercisable in August 1959 and were exercised in July 1962.

The above information regarding number of shares and option prices has been adjusted to the extent applicable for stock splits and stock dividends declared.

## REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

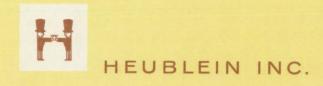
The Board of Directors and Stockholders,

Heublein, Inc.:

We have examined the accompanying consolidated balance sheet of Heublein, Inc. and subsidiaries at June 30, 1962 and the related consolidated statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Heublein, Inc. and subsidiaries at June 30, 1962 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Arthur Young & Company

New York, N.Y. August 20, 1962



## FIVE YEAR CONSOLIDATED FINANCIAL POSITION AT JUNE 30

| Current assets:                                      | 1962           | 1961         | 1960         | 1959         | 1958         |
|--|----------------|--------------|--------------|--------------|--------------|
| Cash   | . \$ 6,663,892 | \$ 3,169,339 | \$ 3,924,952 | \$ 2,408,447 |              |
| Marketable securities                                | . 1,700,000    | 2,490,556    | 4,883,335    |              |              |
| Investment in whiskey certificates                   | . 1,068,504    |              | 592,862      |              |              |
| Accounts receivable                                  | . 14,976,925   |              | 12,426,254   |              |              |
| Inventories  | . 9,659,027    |              |              |              | 12,753,251   |
|  |                |              | 8,268,826    |              | 7,440,239    |
| Prepaid expenses                                     | . 411,025      | 430,683      | 382,410      | 321,276      | 394,627      |
| Total current assets                                 | . 34,479,373   | 30,980,115   | 30,478,639   | 23,203,381   | 23,144,505   |
| Current liabilities:                                 |                |              |              |              |              |
| Notes payable to banks                               | . –            | _            | _            | 3,000,000    | 5,000,000    |
| Accounts payable                                     | . 2,197,506    | 2,173,418    | 1,932,748    | 1,407,975    | 1,373,196    |
| Federal income taxes                                 | . 3,184,370    | 2,431,371    | 2,856,803    | 1,816,236    | 1,770,078    |
| Accrued liabilities                                  | . 3,605,032    | 2,770,947    | 2,687,894    | 1,975,392    | 1,151,087    |
| Cash dividends payable                               | . 481,973      | 386,874      | 299,093      | 174,875      | 174,875      |
| Long-term debt due within one year                   | . 716,000      | 656,000      | 631,000      | 480,000      | 488,000      |
| Total current liabilities                            | . 10,184,881   | 8,418,610    | 8,407,538    | 8,854,478    | 9,957,236    |
| Working capital                                      | 24,294,492     | 22,561,505   | 22,071,101   | 14,348,903   | 13,187,269   |
| Property, plant and equipment                        | 7,032,483      | 6,677,422    | 5,792,814    | 5,966,600    | 6,231,891    |
| Deferred charges, other assets and goodwill          | . 1,151,693    | 1,185,206    | 416,400      | 431,689      | 444,221      |
|  | 32,478,668     | 30,424,133   | 28,280,315   | 20,747,192   | 19,863,381   |
| Deduct: Long-term debt due after one year            | 4,016,000      | 4,732,000    | 5,388,000    | 6,019,000    | 6,499,000    |
| Stockholders' equity                                 | \$28,462,668   | \$25,692,133 | \$22,892,315 | \$14,728,192 | \$13,364,381 |
| Per share of common stock outstanding at end of year | \$5.85         | \$5.33       | \$4.78       | \$3.78       | \$3.43       |



## FIVE YEAR CONSOLIDATED RESULTS OF OPERATIONS FOR YEARS ENDED JUNE 30

|  | 1962          | 1961          | 1960          | 1959          | 1958          |
|--|---------------|---------------|---------------|---------------|---------------|
| Net sales  | \$116,141,949 | \$108,281,236 | \$103,168,562 | \$ 87,647,367 | \$ 87,839,429 |
|  | 85,792,834    | 80,418,739    | 78,028,396    | 67,275,558    | 67,231,416    |
| Cost of sales  |               |               |               |               |               |
| Gross profit   | 30,349,115    | 27,862,497    | 25,140,166    | 20,371,809    | 20,608,013    |
| Expenses:  |               |               |               |               |               |
| Selling and advertising  | 16,444,295    | 16,088,635    | 14,276,394    | 12,709,945    | 12,612,659    |
| Administrative and general   | 4,110,553     | 3,204,579     | 2,783,463     | 2,561,479     | 2,821,618     |
|  | 20,554,848    | 19,293,214    | 17,059,857    | 15,271,424    | 15,434,277    |
|  | 9,794,267     | 8,569,283     | 8,080,309     | 5,100,385     | 5,173,736     |
| Other deductions (income):   |               |               |               |               |               |
| Interest   | 241,072       | 272,518       | 317,528       | 511,170       | 551,949       |
| Miscellaneous — net  | (42,274)      | (104,645)     | (24,879)      | 126,906       | (32,039)      |
|  | 198,798       | 167,873       | 292,649       | 638,076       | 519,910       |
|  | 9,595,469     | 8,401,410     | 7,787,660     | 4,462,309     | 4,653,826     |
| State and federal income taxes                                     | 5,188,000     | 4,587,000     | 4,232,000     | 2,399,000     | 2,524,000     |
| Net income   | \$4,407,469   | \$3,814,410   | \$3,555,660   | \$2,063,309   | \$2,129,826   |
|  |               |               |               |               |               |
| Number of shares of common stock outstanding at end of year (Note) | 4,864,702     | 4,820,158     | 4,793,947     | 3,892,447     | 3,892,447     |
| Net income per share (Note)  | \$.91         | \$.79         | \$.74         | \$.53         | \$.55         |
| Dividends declared:  |               |               |               |               |               |
| Cash (Note)  | .38           | .27           | .22           | .18           | .18           |
| Stock  | 1%            | 3%            | 3%            | 21/2%         | _             |

NOTE: Adjusted to give retroactive effect to stock dividends and stock splits.



#### SOMETHING NEW IN HARTFORD

The Company's new headquarters wing at 330 New Park Avenue, Hartford, was completed and occupied during the year, relieving working space pressures for both key executive and administrative people as well as for shipping personnel and facilities.

The building addition made possible the physical reorganization and relocation of the various departments along functional lines, enabling a streamlining of procedures and cohesive departmental groupings.

Much-needed space and additional loading docks were incorporated to provide for increasing shipping-warehousing operations, making it easier and less time-consuming to handle the ever-growing volume of customer-bound Heublein products.

Another outstanding feature of the new wing was inclusion of a bright and cheery selfservice cafeteria for the use of all employees.



Installation of an IBM 1401 data processing system was completed in July.



Smirnoff Vodka speeds off modern bottling lines in the main Hartford Plant.

